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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 3 November 1977 CG NIDC 77/255C

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Thursday, 3 November 1977.

The NID Cable is for the purpose of informing senior US officials.

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FRANCE-SENEGAL: Troop Buildup

[redacted] //France sent additional troops to its military garrison in Senegal on Tuesday, apparently in response to the kidnaping last week of two French technicians in neighboring Mauritania by Western Sahara insurgents of the Polisario Front. The French apparently have made some progress in their diplomatic efforts with the Algerians to secure the release of the hostages, and there is no indication the French will soon attempt a military rescue. The French probably intend the troop move to demonstrate their resolve to protect other French nationals. Paris probably also hopes the military demonstration will put pressure on the guerrillas and their Algerian supporters to release the French citizens.//

[redacted] //The Defense Ministry announcement of the troop move did not disclose the number of troops involved, but French press reports indicate that several DC-8 transport aircraft carried the troops to Dakar. Each DC-8 could carry as many as 130 lightly armed combat troops. The troops almost certainly belong to one of France's highly trained airborne units. They will be added to the roughly 1,000 military personnel normally stationed in Senegal.//

[redacted] //US Embassy officials in Nouakchott believe the French already have at least 150 military personnel in Mauritania, most of them in an advisory role, but the French may have slightly increased their contingent there since May.//

[redacted] French diplomatic efforts, perhaps bolstered by their troop movements, apparently have begun to bear fruit. During the course of yesterday's debate on the Polisario guerrillas in the UN General Assembly, the French representative made reference to positive steps being taken by the Algerian government.

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[] //If the French should decide they have no other choice, they could swiftly move a commando team to airfields in Mauritania or possibly, with Morocco's permission, to El Aaiun in Western Sahara. At this time, however, the French probably do not know the exact location of the hostages and would prefer to avoid the risks of attempting a military rescue.//

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CUBA: Nonaligned Summit Site

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[] //The Cuban Government has played host to a number of African leaders in recent weeks. These visits have apparently focused on current developments in the Horn of Africa and southern Africa and have been used by Cuba to try to demonstrate that its involvement in Africa continues to attract wide backing. The Cubans have also indicated their concern about attempts to move the nonaligned summit meeting in 1979 away from Havana and have taken pains to rally African support.//

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[] Communiqués issued after the visits to Cuba of the Ethiopian, Ghanaian, and Zambian foreign ministers indicated that the Cubans have succeeded in winning the support of those governments for maintaining Havana as the summit site. The Castro government undoubtedly will continue to seek help from other nonaligned countries as well.

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[] In addition to inviting likely allies to Havana, Cuban emissaries probably will travel to less sympathetic nations in an attempt to assuage their concerns. Cuba is also likely to launch a propaganda campaign defending its presence in Angola as necessary because of the threat posed by South African assistance to the antiregime guerrilla forces.

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[] A change in venue for the nonaligned summit would be a dramatic setback for President Castro. The basic thrust of his foreign policy in recent years has been to achieve a leadership role for himself and for Cuba in the nonaligned movement.

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[] In a likely effort to undercut criticism that he is too closely aligned with the USSR, Castro recently canceled plans to attend the Moscow celebrations of the 60th anniversary of the Bolshevik revolution. His brother Raul is heading the Cuban delegation. []

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USSR: Grain Harvest and Imports

[] Soviet grain output this year--194 million tons, announced by President Brezhnev yesterday--seems adequate, along with estimated imports, to cover the USSR's total grain requirements. The USSR probably has concluded its grain purchases for the year.

[] We believe that this year the Soviets have contracted for the delivery of 20 million to 25 million tons of grain, including about 15 million tons from the US. An estimated 18 million to 20 million tons has been slated for delivery between July 1977 and June 1978--including the bulk of this year's purchases plus a small amount bought last year--and will be used to cover shortfalls in the current crop.

[] Imports scheduled for delivery, added to the grain harvest, give a total supply of about 213 million tons available for domestic use and export to client states. This would cover total Soviet requirements, roughly calculated at 205 million to 210 million tons--and possibly provide a small cushion. //A member of the Soviet delegation to the current session of the International Wheat Council meeting in London told a US Government official that the Soviets bought grain this year for both current use and stockbuilding.//

[] It is doubtful that the Soviets will make large new purchases this year. They already have a head start on next year's buying, having a possible 5 million tons slated for delivery in the last half of 1978. It seems likely that the Soviets, being shrewd traders, would not have admitted to a 194-million-ton crop before they had fully covered their needs.

[] //Until Brezhnev's announcement yesterday, we had been estimating this year's Soviet grain output at 215 million tons. Further information that we will be receiving in the next

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few weeks will allow us to make a better judgment of the accuracy of Brezhnev's figure. In previous years, however, the official Soviet announcements of grain output have been basically accurate.//

USSR: Soviets Threaten Trials

The Soviets are apparently again attempting to use the prospect of trials of prominent human rights dissidents, especially Anatoliy Shcharanskiy, to dampen the public US stand on human rights. Several recent developments that suggest this may be designed to reinforce other propaganda and diplomatic pressure to induce the US to desist from what Moscow regards as confrontational tactics at the follow-up Conference on Security and Cooperation in Europe now under way in Belgrade.

Shcharanskiy has been publicly accused of espionage and treason, and lesser charges have been unofficially levied against his colleagues, Aleksandr Ginzburg and Yuriy Orlov, although no formal indictments have yet been made public. The arrests of the three men early this year seriously weakened the dissident group set up by Orlov in May 1976 to monitor Soviet compliance with the Helsinki accords, but other members of the group are reportedly now planning to revitalize its activities.

In a toughly worded English-language article last Friday, TASS repeated the many charges against Shcharanskiy that the Soviets have developed since his arrest on 15 March. Noting support for Shcharanskiy in the West, TASS attacked his character, stating flatly that "this traitor to the motherland will be punished with all the strictness of Soviet law." The article stopped short, however, of indicating that treason would be the formal charge.

On the same day, the editor-in-chief of the Soviet weekly *Literary Gazette*, Aleksandr Chakovskiy, said during a French television roundtable in Paris that Shcharanskiy would be put on trial. Chakovskiy cited the Soviet Ministry of Internal Affairs as the source of his prediction but dodged questions about the charge and other details.

25X1 [] Chakovskiy said any trial would be an open one, suggesting that a charge less than treason might ultimately be levied against Shcharanskiy, as treason trials usually are closed to the public. *Literary Gazette* has been Moscow's major mouthpiece in anti-dissident propaganda.

25X1 [] Ginzburg's wife, meanwhile, has been told by officials in Moscow to obtain a Soviet lawyer for her husband. This could mean that the investigatory phase of Ginzburg's case is over and an indictment is near.

25X1 [] If the Soviets intend to follow the letter of their criminal procedure statutes in these cases, the dissidents will have to be formally indicted within nine months of their arrests, or be freed--at least temporarily. This means that indictments of Ginzburg and Orlov, who were arrested in February, could come this month, and of Shcharanskiy by the end of the year. Since the cases could be continued by the courts, the timing of any actual trials remains uncertain.

25X1 [] The Soviets, though taking a tough public posture, are probably still weighing the benefits of any trials against the costs to Soviet-US relations and have left most of their options open while assessing bilateral diplomatic representations on this issue. Most dissident sources refuse to speculate on the fate of their arrested colleagues, but some of them evidently continue to believe that one or more of the accused, whether tried or not, may ultimately be expelled from the USSR.

25X1 [] There have, in fact, been rumors in Moscow that a scheme involving forced exile for some imprisoned dissidents may be forthcoming, possibly as part of an expected amnesty keyed to the observations of the 60th anniversary of the Bolshevik revolution on 7 November. Dissident spokesman Andrey Sakharov has already publicly called on the regime to include political prisoners in any amnesty. An amnesty declared on the 50th anniversary excluded such prisoners.

OPEC: Price Increase Maneuvering

25X1 [] //Members of the Organization of Petroleum Exporting Countries are engaged in public and private maneuvering on oil price policy as they prepare for the 20 December ministerial meeting in Venezuela. No country is willing to commit itself to a position that makes last-minute concessions more difficult. The members are in a compromising mood, however, and anxious to avoid a split such as occurred last December in Qatar. At this point, agreement on a price increase of 5 to 10 percent effective on 1 January seems probable, and a further increase at midyear possible.//

25X1 [] Saudi Arabia will be far more reluctant than it was last year to expend the political capital that would be needed in any price confrontation with the remainder of the cartel, unless it is backed by Iran. The Saudis are in fact in a weaker position than they were earlier this year when they failed to enforce a 5-percent increase in the face of a collective decision by 11 other OPEC members to raise prices by 10 percent.

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25X1 [] //The Shah has not yet set Iran's position on an oil price increase. His decision will be determined to some extent by how he assesses Saudi leverage in the oil market. In mid-1977, Iran believed that a "soft" oil market and expanding Saudi oil productive capacity would give Saudi Arabia more influence next year than it had in first half of this year. Since that time, Iranian oil sales have risen substantially, and the Shah could easily be convinced that the market is sufficiently strong to merit an oil price increase of some 10 percent.//

25X1 [] //Most other OPEC members will probably opt for a price increase. Representatives of Venezuela, Iraq, Libya, and Algeria have mentioned that price increases ranging from 8 percent to 15 percent are justifiable because of inflation, the decline of the US dollar, and the market's ability to absorb higher prices.//

25X1 [] //Most cartel members also argue that higher oil prices are necessary to force conservation in the consuming countries. Several countries, including Saudi Arabia, believe that the US has not done enough to limit growth in oil demand

and that this is a major factor behind pressure for higher prices. Cartel members maintain that a price increase now might avoid much sharper, and more economically damaging, hikes over the next two or three years.//

//World oil production trends are likely to support a price increase. OPEC oil exports are likely to rise in the fourth quarter because of rising market requirements for the winter and increased oil company liftings in anticipation of an OPEC oil price hike at the end of the year. Oil production in Iran, Kuwait, and Venezuela increased from July to September as Saudi output declined following the midyear OPEC price compromise.//

//The recent Saudi decision to reimpose a production ceiling of 8.5 million barrels per day on the Arabian-American Oil Company will enable other OPEC members to increase their market shares. Firming demand for non-Saudi OPEC oil will give these members an added incentive for higher prices.

SOUTH AFRICA: Sanctions Issue

South Africa has reacted to growing antiapartheid pressures from the West by suggesting that its constructive role in the Rhodesian and Namibian settlement negotiations could be jeopardized.

Foreign Minister Botha said in a television interview--after the US announced it would support a mandatory arms embargo against South Africa--that it was going to be more difficult as a result of that decision to achieve solutions in Rhodesia and Namibia. In another interview, Botha hinted that the mutual trust built up so far during the negotiations could be broken. A progovernment newspaper editorialized that a UN Security Council finding that South Africa was a threat to peace could "end further peace talks on southern Africa."

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25X1 [] More likely, Vorster will use the sanctions issue as justification for hard bargaining tactics in continuing diplomatic efforts to bring about negotiated settlements in Rhodesia and Namibia. Hardline statements may eventually make it politically difficult for Vorster to be identified publicly with any compromise settlement. []

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BRIEFS

South Africa - Zambia

25X1 [] South African and Zambian troops clashed yesterday at Sesheke, on the Caprivi Strip border between Namibia and Zambia, according to official spokesmen from both capitals. []

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25X1 [] Lusaka claimed that the South Africans attacked the town shortly before noon yesterday, with combat continuing until late in the afternoon. Zambia also claimed that a South African aircraft was downed during the action. Pretoria countered that the heavy fighting was initiated by the Zambians and denied that South African aircraft participated.

25X1 [] Over a year ago, South African troops attacked a guerrilla camp maintained by the South-West Africa People's Organization at Sesheke. Zambia protested the incident at the UN, claiming that the South Africans had attacked a Zambian town. []

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Ecuador

25X1 [] The conciliatory approach of the Ecuadorean Government in recent days appears to have reduced the threat to public order stemming from reactions to the 18 October sugar mill clash outside Guayaquil. With the marked decrease in violent demonstrations, the chances for a prospective coup attempt by Supreme Council member Luis Duran--who hoped to capitalize on the recent civil unrest--also appear further diminished.

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[] In the past few days, President Poveda and Government Minister Jarrin have attempted to mollify striking sugar workers and human rights representatives protesting the incident, in which a large number of workers lost their lives during a confrontation with police. As evidence of its good faith, the government has offered to release one prominent student protest organizer and speed legal proceedings against detained union leaders.

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[] Some labor observers believe the government is prepared to make significant concessions to the sugar mill workers in exchange for an end to their strike. []

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Argentina

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[] The Argentine Government has apparently granted some wage increases in an attempt to suppress the worst labor problems since the military takeover in March 1976. Railroad workers, who have engaged in sporadic work stoppages in the past week, are returning to their jobs following a pay increase and a government threat of sanctions.

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[] Military and security forces yesterday took control of the strike-bound subway in Buenos Aires. Pilots on the national airline are threatening to resign unless their demands for wage increases are met. In addition, the government-run National Bank was closed yesterday by striking bank workers. Outside the capital, water and power workers are on strike in Rosario.

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[] Wage increases in any sector of the economy will probably create pressures for wage increases from other sectors. []

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West Germany

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[] West Germany's current-account surplus amounted to only about \$200 million during the first three quarters of this year, down sharply from the \$1.6 billion surplus recorded during the corresponding period of 1976. We now expect the full-year 1977 surplus to be substantially below the 1976 level of \$3.4 billion.

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[REDACTED] The unexpectedly large deterioration in the current account resulted from a more than \$2.3 billion increase in the services deficit and a \$600 million boost in the unilateral transfer deficit. The trade surplus, on the other hand, rose by \$1.5 billion.

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[REDACTED] Increased travel expenditures and a sharp rise in the profits distributed by West German companies to foreign stockholders were mainly responsible for the larger deficit on services. The increase in dividend payments reflects generally higher business earnings and the impact of corporate tax reform. The boost in the unilateral transfer deficit was almost entirely attributable to the appreciation of the mark against the US dollar. [REDACTED]

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